

HOUSE BILL 2396

By Sargent

AN ACT to amend Tennessee Code Annotated, Section 9-9-205, relative to debt issuance by state government

WHEREAS, taxable debt needs to be sold at negotiated sale; and

WHEREAS the federal government is considering restricting, reducing or eliminating the sale of tax exempt debt; and

WHEREAS, market conditions and Federal Reserve policy are impacted by the need to maximize federal revenue; and

WHEREAS, the General Assembly recognized in 2009 that it was in the best interest that the state have great flexibility with respect to the issuance of its general obligation debt by enacting Public Chapter Number 4 which allowed for private sales of bonds until June 20, 2011; and

WHEREAS, such time was extended until June 30, 2012 by Public Chapter Number 982, Acts of 2010; and

WHEREAS, the state funding board has proven the savings by private sales given current national economic conditions; and

WHEREAS, it continues to be in the best interest of the state to have the greatest flexibility with respect to the issuance of its general obligation debt; and

WHEREAS, the state funding board has proven that it is in the best interest to make such authority permanent; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-9-205, is amended by deleting subsection (a) and by substituting instead the following:

(a)

(1) Any and all bonds issued by the funding board may be sold either at public or private sale in such a manner, terms, conditions and at such times as the funding board shall determine.

(2) The funding board shall report periodically to the chairs of the finance, ways and means committees of the senate and the house of representatives as to the terms and method of sale of bonds sold, including the basis for selection of underwriters or other initial purchasers at private sale.

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring it.